

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2024

The Board of Directors of Southlands Metropolitan District No. 2 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a regular meeting, via teleconference on November 9, 2023, at the hour of 3:00 PM.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2024 BUDGET

SOUTHLANDS METROPOLITAN DISTRICT NO. 2

**NOTICE CONCERNING 2023 BUDGET AMENDMENT
AND PROPOSED 2024 BUDGET**

NOTICE IS HEREBY GIVEN that the Board of Directors (the “**Board**”) of the SOUTHLANDS METROPOLITAN DISTRICT NO. 2 (the “**District**”), will hold a meeting via Zoom on Thursday, November 9, 2023, at 1:00 P.M., for the purpose of conducting such business as may come before the Board including a public hearing on the 2024 proposed Budget (the “**Proposed Budget**”). The necessity may also arise for an Amendment to the 2023 Budget (the “**Amended Budget**”). This meeting can be joined using the following information:

<https://zoom.us/j/7848826891>

Phone Number: 1 (719) 359-4580

Meeting ID: 784 882 6891

Passcode: 0000

NOTICE IS FURTHER GIVEN that the Proposed Budget and Amended Budget (if applicable) have been submitted to the District. A copy of the Proposed Budget and Amended Budget are on file at the District's office, 405 Urban Street, Suite 310, Lakewood, Colorado, where the same are open for public inspection.

Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to final adoption of the Proposed Budget or the Amended Budget by the Board.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2

By /s/ Ann Finn
District Manager

Publish in: Aurora Sentinel
Publish on: October 26, 2023 (one time only)

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2024. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2024 budget year, there is hereby levied a tax of 43.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2024 budget year, there is hereby levied a tax of 25.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2024 budget year, there is hereby levied a tax of 1.322 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2024 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Arapahoe County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.


Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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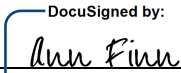
ADOPTED NOVEMBER 9, 2023.

DISTRICT:

SOUTHLANDS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado


By:  _____
Officer of the District

Attest:

By:  _____
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APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

 _____
General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
SOUTHLANDS METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on November 9, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 9th day of November, 2023.


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EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,101,472	\$ 1,470,287	\$ 1,724,268
REVENUES			
Property taxes	1,015,244	1,066,605	1,051,307
Specific ownership taxes	65,010	72,482	63,079
SARIA revenue	14,474	17,695	20,439
Interest income	29,456	84,000	71,000
Total revenues	<u>1,124,184</u>	<u>1,240,782</u>	<u>1,205,825</u>
Total funds available	<u>2,225,656</u>	<u>2,711,069</u>	<u>2,930,093</u>
EXPENDITURES			
General and administrative	140,671	166,702	188,000
Operations and maintenance	180,274	378,298	395,000
Debt service	434,424	441,801	460,000
Total expenditures	<u>755,369</u>	<u>986,801</u>	<u>1,043,000</u>
Total expenditures and transfers out requiring appropriation	<u>755,369</u>	<u>986,801</u>	<u>1,043,000</u>
ENDING FUND BALANCES	<u>\$ 1,470,287</u>	<u>\$ 1,724,268</u>	<u>\$ 1,887,093</u>
EMERGENCY RESERVE	\$ 16,700	\$ 18,400	\$ 22,900
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	500,000
MAXIMUM RESERVE - SERIES 2018	517,277	517,277	517,277
TOTAL RESERVE	<u>\$ 733,977</u>	<u>\$ 735,677</u>	<u>\$ 1,040,177</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/19/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Residential	\$ 12,269,400	\$ 11,668,800	\$ 13,406,030
State assessed	10,630	355,590	349,830
Vacant land	135,865	135,865	130,712
Personal property	600,472	1,514,179	1,573,831
Certified Assessed Value	\$ 13,016,367	\$ 13,674,434	\$ 15,460,403

MILL LEVY

General	38.000	38.000	43.000
Debt Service	40.000	40.000	25.000
SARIA	1.112	1.294	1.322
Total mill levy	79.112	79.294	69.322

PROPERTY TAXES

General	\$ 494,622	\$ 519,628	\$ 664,797
Debt Service	520,655	546,977	386,510
SARIA	14,474	17,695	20,439
Levied property taxes	1,029,751	1,084,300	1,071,746
Adjustments to actual/rounding	(58)	-	-
Refunds and abatements	25	-	-
Budgeted property taxes	\$ 1,029,718	\$ 1,084,300	\$ 1,071,746

BUDGETED PROPERTY TAXES

General	\$ 494,606	\$ 519,628	\$ 664,797
Debt Service	520,638	546,977	386,510
SARIA	14,474	17,695	20,439
	\$ 1,029,718	\$ 1,084,300	\$ 1,071,746

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/19/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 489,272	\$ 729,998	\$ 797,633
REVENUES			
Property taxes	494,606	519,628	664,797
Specific ownership taxes	31,672	35,312	39,888
Interest income	13,109	40,000	36,000
SARIA revenue	14,474	17,695	20,439
Total revenues	<u>553,861</u>	<u>612,635</u>	<u>761,124</u>
Total funds available	<u>1,043,133</u>	<u>1,342,633</u>	<u>1,558,757</u>
EXPENDITURES			
General and administrative			
Accounting	20,975	24,000	27,000
Auditing	4,000	4,700	6,500
County Treasurer's fee	7,419	7,794	9,972
County Treasurer's fee (SARIA)	217	265	307
Directors' fees	1,200	1,200	1,500
Dues and membership	643	742	1,000
Insurance	21,491	24,310	27,000
District management	36,966	40,000	45,000
Legal	20,371	35,000	40,000
Miscellaneous	3,026	8,547	9,489
Payment to SARIA	14,256	17,430	20,132
Payroll taxes	92	100	100
Election	2,205	2,614	-
Operations and maintenance			
Repairs and maintenance	13,671	25,000	75,000
Landscaping	37,319	50,000	50,000
Landscape renovation	180	-	10,000
Landscape architect	22,677	20,000	20,000
Detention pond	2,998	20,000	45,000
Tree replacement/arborist/tree care program	26,485	35,000	20,000
Security	-	-	30,000
Monument	41,322	80,000	20,000
Murphy creek trail	-	-	50,000
Streets repairs and maintenance	-	101,298	10,000
Street lighting	1,740	10,000	10,000
Snow removal	5,212	12,000	20,000
Utilities	28,670	25,000	35,000
Total expenditures	<u>313,135</u>	<u>545,000</u>	<u>583,000</u>
Total expenditures and transfers out requiring appropriation	<u>313,135</u>	<u>545,000</u>	<u>583,000</u>
ENDING FUND BALANCES	<u>\$ 729,998</u>	<u>\$ 797,633</u>	<u>\$ 975,757</u>
EMERGENCY RESERVE	\$ 16,700	\$ 18,400	\$ 22,900
OPERATIONS AND MAINTENANCE RESERVE	200,000	200,000	500,000
TOTAL RESERVE	<u>\$ 216,700</u>	<u>\$ 218,400</u>	<u>\$ 522,900</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/19/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 612,200	\$ 740,289	\$ 926,635
REVENUES			
Property taxes	520,638	546,977	386,510
Specific ownership taxes	33,338	37,170	23,191
Interest income	16,347	44,000	35,000
Total revenues	<u>570,323</u>	<u>628,147</u>	<u>444,701</u>
Total funds available	<u>1,182,523</u>	<u>1,368,436</u>	<u>1,371,336</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	7,810	8,205	5,798
Contingency	-	-	11,812
Debt Service			
Loan Interest Series 2018A	91,644	86,688	81,522
Loan Interest Series 2018B	108,780	103,908	98,868
Loan Principal Series 2018A	118,000	123,000	128,000
Loan Principal Series 2018B	116,000	120,000	134,000
Total expenditures	<u>442,234</u>	<u>441,801</u>	<u>460,000</u>
Total expenditures and transfers out requiring appropriation	<u>442,234</u>	<u>441,801</u>	<u>460,000</u>
ENDING FUND BALANCES	<u>\$ 740,289</u>	<u>\$ 926,635</u>	<u>\$ 911,336</u>
MAXIMUM RESERVE - SERIES 2018	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>
TOTAL RESERVE	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by court order dated December 3, 2002, to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, and sewer and drainage facilities, and the operation and maintenance of the District. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District operates under the Service Plan as approved by the City of Aurora.

On November 5, 2002, the electorate authorized general obligation debt in the amount of \$22,400,000. Debt is subject to the terms of the Service Plan. On November 5, 2002, the electorate also approved the removal of limitations imposed by the TABOR Amendment and any other law that purports to limit the District's revenue or expenditures and a \$630,000 annual property tax increase for operations.

Pursuant to the District's Service Plan, the amount of debt that can be issued is \$40,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Category	Rate		Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%	Lodging	\$30,000
			Oil & Gas Production	87.50%		

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 6% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses.

County Treasurer's Collection Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Series 2018 Refunding Loan

On April 13, 2018, the District refunded its General Obligation Bonds, Series 2010A and Limited Tax Obligation Subordinate Bonds, Series 2010B, by the issuance of \$2,510,000 Taxable (convertible to tax-exempt on December 1, 2020) Refunding Loan, Series 2018A, and \$3,181,000 Tax-Exempt Refunding Loan, Series 2018B. Series 2018A Loan is due December 1, 2035, at interest rates of 5.200% through December 1, 2020 and 4.200% through December 1, 2035. Series 2018B Loan is due December 1, 2035, at an interest rate of 4.200%. The proceeds of Series 2018A were used to establish an irrevocable trust account (the "Refunding Escrow") to refund Series 2010A on December 1, 2020, which is the date they may be redeemed prior to their maturity. The proceeds of Series 2018B were used to pay the principal and interest on the Series 2010B at the call date of April 13, 2018.

Interest payments on Series 2018 Refunding Loan (the "Loan") are due June 1 and December 1 of each year, commencing June 1, 2018. All interest due and payable shall be calculated on the basis of a 360-day year of twelve 30-day months. Interest not paid when due shall compound on each June 1 and December 1 at the then-applicable interest rate. The District may prepay all or part of the principal of either or both of the Loan coming due on any December 1, upon two business days' prior written notice to NBH Bank (the "Lender") of the amount of such prepayment, plus payment of the applicable prepayment fee, if any, in minimum increments of \$500,000. A prepayment fee may be due as a condition of such prepayment, which shall be calculated pursuant to the Loan Agreement.

The Loan is payable from Pledged Revenues, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt service payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy; and other legally available moneys which the Board determines in its sole discretion. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Loan when due, and if necessary, an amount sufficient to fund or replenish the Reserve Fund to the amount of \$517,277 (the "Maximum Reserve Fund Amount"). For so long as the Reserve Fund is less than the Maximum Reserve Fund Amount, such mill levy shall not be less than 50.000 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation). The maximum required mill levy has been adjusted upwards to 64.745 mills.

Debt and Leases

The District's current debt service schedules are attached. The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2024, as defined under TABOR when actual revenue is received.

This information is an integral part of the accompanying budget.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$2,510,000 Taxable (Convertible to Tax-Exempt) Refunding Loan
Series 2018A
Dated April 14, 2018
Principal due December 1
Interest Rate 4.200% - 5.200% Payable
June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 128,000	\$ 81,522	\$ 209,522
2025	133,000	76,146	209,146
2026	139,000	70,560	209,560
2027	144,000	64,722	208,722
2028	151,000	58,674	209,674
2029	157,000	52,322	209,322
2030	163,000	45,738	208,738
2031	170,000	38,892	208,892
2032	177,000	31,752	208,752
2033	185,000	24,318	209,318
2034	193,000	16,548	209,548
2035	201,000	8,442	209,442
	<u>\$ 1,941,000</u>	<u>\$ 569,636</u>	<u>\$ 2,510,636</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$3,181,000 Tax-Exempt Refunding Loan
Series 2018B
Dated April 14, 2018
Principal due December 1
Interest Rate 4.200% Payable
December 15**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 134,000	\$ 98,868	\$ 232,868
2025	140,000	93,240	233,240
2026	155,000	87,360	242,360
2027	162,000	80,850	242,850
2028	177,000	74,046	251,046
2029	184,000	66,612	250,612
2030	202,000	58,884	260,884
2031	210,000	50,400	260,400
2032	228,000	41,580	269,580
2033	237,000	32,004	269,004
2034	257,000	22,050	279,050
2035	268,000	11,256	279,256
	<u>\$ 2,354,000</u>	<u>\$ 717,150</u>	<u>\$ 3,071,150</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 262,000	\$ 180,390	\$ 442,390
2025	273,000	169,386	442,386
2026	294,000	157,920	451,920
2027	306,000	145,572	451,572
2028	328,000	132,720	460,720
2029	341,000	118,934	459,934
2030	365,000	104,622	469,622
2031	380,000	89,292	469,292
2032	405,000	73,332	478,332
2033	422,000	56,322	478,322
2034	450,000	38,598	488,598
2035	469,000	19,698	488,698
	<u>\$ 4,295,000</u>	<u>\$ 1,286,786</u>	<u>\$ 5,581,786</u>

No assurance provided. See summary of significant assumptions.